

January 22, 2015  
Maine Milk Commission Meeting Minutes  
Deering Building, Room 233  
Augusta, Maine 04333

Notices for the January 22, 2015 meeting were distributed to Commission members, intervenors and other interested parties on December 18, 2014 and sent to the Secretary of State's Office for posting on December 18, 2014.

**Commission Present:** Mike Wiers, Colon Durrell, Stanley Millay, Matt Randall and Richard Cook

**Commission Absent:** None

**Department Officials:** None

**Staff Present:** Tim Drake, Executive Director, Audrey Shorty, Resource Administrator and Carol Gauthier, Office Associate

**Legal Counsel:** N/A

**Others Present:** John Bennett and James Lesser of Oakhurst Dairy, John Blake, H.P. Hood, Julie-Marie Bickford and Dale Cole of MDIA, Clayton Davis, DFA/DMS, Shelley Doak of Maine Grocers and Food Producers Association and Fred Snowman, Delhaize America.

Chairman Wiers called the meeting to order at 4:02 p.m.

**Agenda Item 1: Minutes:** Colon Durrell made a motion to accept the minutes of the December 18, 2014 meeting as presented. Stan Millay seconded the motion. Motion passed 3-0.

**Agenda Item 2: Lauren Parker, Assistant Attorney General:**

**Agenda Item 3: Minimum Prices:**

Tim Drake reported that a prevailing premium of \$1.10/cwt. on Class I for February 2015, Dairy Marketing Services (DMS) and Agri-Mark Co-op had been reported. In addition to this premium, DMS and Agri-Mark reported that an additional \$0.43/cwt for milk that comes from producers who do not treat their cows with the rBST hormone will be in effect. Federal Order One Class I price for February is \$19.49, a decrease of \$2.34/cwt. He explained that a schedule was prepared using this information plus a producer cost of production adjustment (COPA) of \$1.16/cwt. He stated that this price schedule was for informational purposes and that the Commission was not bound to it, and should make their pricing determination after hearing testimony.

Chairman Wiers asked for testimony.

Colon Durrell commented that he expected to see larger decreases in retail prices due to the decrease in the minimum prices.

Julie-Marie Bickford commented that there have been daunting decreases to the Class I price over the last two months along with higher input costs incurred during the last planting and harvesting seasons. She asked that an increase in the producer margin be considered.

Shelley Doak testified that processor and retail costs are energy intensive and that 2014 costs were high and 2015 costs are also expected to be high even with welcomed decreased fuel costs. Maine's unemployment rate is at 5.7% and the ripple effect of the Bucksport mill closing is hurting the grocery industry. She also said that she was pleased to hear from Agri-Mark and DFA representatives that the high 2014 producer

prices would help buffer some of the decreased 2015 prices. New Hampshire border stores are continuing to lose sales across the border due to lower milk prices there; this will only be increased due to the higher Handling Fee this month. She recommended that the Commission use caution when considering any increases to the producer margin. She then suggested that power and fuel costs be added to the producer margin history spreadsheet supplied each month to the Commission to aid in their decision process.

Chairman Wiers asked why she had singled out those particular inputs.

Shelley Doak answered that those cost inputs were common inputs for all segments of the industry.

Dale Cole pointed out that producer costs exceed total income and left no funds for reinvesting in the business. Dairy farmers are also investing in the processing process and many farms are being assessed extra costs as deductions from their milk check for losses in the processing sector. He closed by saying that retailers are still charging more than \$1.00 per gallon over minimum prices.

Julie-Marie followed that up by saying that retail prices are steady while producer prices are falling rapidly. She also stated that high 2014 producer prices will not help buffer the lower 2015 prices as farmers used the 2014 prices to offset previous losses in 2012 and 2013. The producer margin history sheet is a good tool but does not cover all input costs for the entire industry. With the dramatic drop in the Class I price over the last two months, it is not unreasonable to raise the producer margin for February.

John Blake stated that the Commission can't look at the producer margin history without looking at input costs; corn is considerably lower now than it was a year ago.

Chairman Wiers stated that he wanted to consider the consumer in any decision made and to be careful not to hurt them with any action the Commission took and was not ready to make quick adjustments.

Colon Durrell noted that the best a consumer could do in January was \$0.83/gallon over minimum prices which translated to about \$10/cwt.

Matt Randall said that he had been in three stores one day last week and noted that there was only a \$0.20/gallon difference between premium brands, store brands and milk processed out of state.

Stan Millay made a motion to accept order #02-15 with a producer margin of \$1.35/cwt.

Colon Durrell seconded the motion.

Chairman Wiers called for a vote on the motion. The motion passed 4-0.

**Agenda Item 4: Maine Monthly Price Survey:** The Commission reviewed the Maine price survey for January 2015 which showed retail prices for Augusta, Scarborough, South Portland, Brunswick, Biddeford, Bangor and Brewer. The IAMCA surveys for October and November 2014 were also reviewed.

**Agenda Item 5: Next Scheduled Meetings:**

- February 20, 2015 10:30 a.m.  
Room 233, Department of Agriculture, Conservation and Forestry, Augusta ME
- March 19, 2015, 10:30 a.m.  
Room 319, Department of Agriculture, Conservation and Forestry, Augusta ME
- April 23, 2015, 10:30 a.m.  
Room 319, Department of Agriculture, Conservation and Forestry, Augusta ME

- May 21, 2015, 10:30a.m.  
Room 319, Department of Agriculture, Conservation and Forestry, Augusta ME

**Agenda Item 6: Other:**

1. **Monthly Financial Report:** The financial report the second quarter of FY15 was reviewed.

**Agenda Item 7: Executive Session:** None

**Adjourned:** Adjourned; 4:36 p.m. January 22, 2015.  
Tim Drake, Maine Milk Commission